

Article - Insurance

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§16–506.

(a) This section applies only to annuity contracts that provide cash surrender benefits.

(b) Cash surrender benefits available before maturity under an annuity contract may not be less than the remainder of:

(1) the present value as of the surrender date of the part of the maturity value of the paid-up annuity benefit that would be provided at maturity from considerations paid before the surrender date and any existing additional amount credited by the insurer to the contract; less

(2) the appropriate amount that reflects prior withdrawals from or partial surrenders of the contract and any indebtedness to the insurer on the contract, including interest due and accrued.

(c) The present value under subsection (b)(1) of this section shall be calculated using an interest rate not more than 1% higher than the interest rate specified in the contract for accumulating net considerations to determine the maturity value.

(d) (1) A cash surrender benefit may not be less than the minimum nonforfeiture amount at the time of surrender.

(2) A death benefit under a contract subject to this section shall equal at least the cash surrender benefit.

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